

BRETT A. AXELROD, ESQ.  
Nevada Bar No. 5859  
**FOX ROTHSCHILD LLP**  
1980 Festival Plaza Drive, Suite 700  
Las Vegas, Nevada 89135  
Telephone: (702) 262-6899  
Facsimile: (702) 597-5503  
Email: baxelrod@foxrothschild.com  
*Counsel for Debtors*

Electronically Filed July 17, 2020

**UNITED STATES BANKRUPTCY COURT**

**DISTRICT OF NEVADA**

In re

RED ROSE, INC.,

- ☐ Affects Beachhead Roofing and Supply, Inc.
- ☐ Affects California Equipment Leasing Association, Inc.
- ☐ Affects Fences 4 America, Inc.
- ☐ Affects James Petersen Industries, Inc.
- ☐ Affects PD Solar, Inc.
- ☐ Affects Petersen Roofing and Solar LLC
- ☐ Affects Petersen-Dean, Inc.
- ☐ Affects PetersenDean Hawaii LLC
- ☐ Affects PetersenDean Roofing and Solar Systems, Inc.
- ☐ Affects PetersenDean Texas, Inc.
- ☐ Affects Red Rose, Inc.
- ☐ Affects Roofs 4 America, Inc.
- ☐ Affects Solar 4 America, Inc.
- ☐ Affects Sonoma Roofing Services, Inc.
- ☐ Affects TD Venture Fund, LLC
- ☐ Affects Tri-Valley Supply, Inc.
- ☒ Affects All Debtors

Case No. BK-20-12814-mkn

Jointly Administered with

Case No. BK-S-20-12815-mkn  
Case No. BK-S-20-12816-mkn  
Case No. BK-S-20-12818-mkn  
Case No. BK-S-20-12819-mkn  
Case No. BK-S-20-12820-mkn  
Case No. BK-S-20-12821-mkn  
Case No. BK-S-20-12822-mkn  
Case No. BK-S-20-12823-mkn  
Case No. BK-S-20-12824-mkn  
Case No. BK-S-20-12825-mkn  
Case No. BK-S-20-12826-mkn  
Case No. BK-S-20-12827-mkn  
Case No. BK-S-20-12829-mkn  
Case No. BK-S-20-12831-mkn  
Case No. BK-S-20-12833-mkn

Chapter 11

**DECLARATION OF STEPHEN  
NERHEIM IN SUPPORT OF  
DEBTORS PURSUANT TO 11 U.S.C.  
§§ 361 AND 363 TO HONOR PRE-  
PETITION INSURANCE PREMIUM  
FINANCE AGREEMENT AND  
PROVIDE ADEQUATE PROTECTION  
PAYMENTS TO AFS/IBEX  
PURSUANT TO THE SAME**

Hearing Date: August 19, 2020  
Hearing Time: 10:30 a.m.

FOX ROTHSCHILD LLP  
1980 Festival Plaza Drive, Suite 700  
Las Vegas, Nevada 89135  
(702) 262-6899  
(702) 597-5503 (fax)

1 I, Stephen Nerheim, being duly sworn, hereby depose and declare under penalty of perjury:

2 1. I am over the age of 18, am mentally competent, and if called upon to testify as to the  
3 statements made herein, could and would do so.

4 2. I am employed as the Chief Financial Officer of debtor Petersen-Dean, Inc.

5 3. I make this declaration in support of the *Motion Pursuant To 11 U.S.C. §§ 361 And 363*  
6 *Authorizing Debtors To Honor Pre-Petition Insurance Premium Finance Agreement And Provide*  
7 *Adequate Protection Payments To AFS/IBEX Pursuant To The Same* (the “Motion”), filed by Petersen-  
8 Dean, Inc., Beachhead Roofing & Supply, Inc., California Equipment Leasing Association, Inc., Fences  
9 4 America, Inc., James Petersen Industries, Inc., PD Solar, Inc., Petersen Roofing and Solar LLC,  
10 PetersenDean Hawaii LLC, PetersenDean Roofing and Solar Systems, Inc., PetersenDean Texas, Inc.,  
11 Red Rose, Inc., Roofs 4 America, Inc., Solar 4 America, Inc., Sonoma Roofing Services, Inc., TD  
12 Venture Fund, LLC, and Tri-Valley Supply, Inc., the debtors and debtors in possession (collectively, the  
13 “Debtors”), in the above captioned chapter 11 cases (the “Chapter 11 Cases”).

14 4. Debtors are in the business of installing commercial and residential roofing and solar  
15 panel systems. In that capacity, Debtors perform services relating to the design, engineering, and  
16 installation for the solar projects.

17 5. The builders and general contractors with whom Debtors conduct business require  
18 Debtors to maintain certain insurance policies. These insurance policies are critical to Debtors’ ability  
19 to continue their business operations because builders and general contractors require Debtors to present  
20 valid certificates of insurance in connection with their projects. Specifically, builders and general  
21 contractors require Debtors to maintain the following insurance policies (i) workers’ compensation  
22 insurance; (ii) employment practices liability insurance; (iii) general liability insurance that covers,  
23 among other things, personal injury and bodily injury; (iv) professional liability insurance; (v)  
24 automobile insurance; and (vi) excess liability insurance.

25 6. In addition, Debtors maintain the following insurance policies for the benefit and  
26 protection of their business operations: (i) directors’ and officers’ liability insurance; (ii) property  
27 insurance; (iii) inland marine insurance; (iv) pollution insurance; and (v) crime insurance. The insurance  
28 policies maintained by Debtors in connection with their business operations are collectively referred to

1 herein as the “Insurance Policies.”

2 7. The insurance coverage under the Insurance Policies includes coverage for the benefit of  
3 Debtors and non-debtor affiliates. A true and correct list of all named insureds under the Insurance  
4 Policies is attached to the Motion as Exhibit A. Not all named insureds apply to all Insurance Policies.  
5 Generally, Debtor Petersen-Dean, Inc. (“PDI”) will procure the insurance coverages of the Insurance  
6 Policies on behalf of itself and its Debtor and non-debtor affiliates. Prepetition, all costs associated with  
7 the Insurance Policies were paid by PDI. The majority of the coverages benefit, and cover the risks of,  
8 Debtors. Thus, Debtors anticipate that, postpetition, all costs associated with the Insurance Policies  
9 (including coverages for the benefit of Debtors and non-debtor affiliates) will be paid by either PDI or  
10 Debtor PD Solar, Inc. Debtors do not intend to separate or allocate the cost of insurance coverages  
11 between Debtors and the non-debtor affiliates because procuring all insurance coverages together  
12 creates certain, material cost savings, and separating the procurement process between Debtors and the  
13 non-debtor affiliates would be onerous, expensive and impracticable.

14 8. To obtain the above-referenced Insurance Policies, Debtors entered into an insurance  
15 Premium Finance Agreement with AFS/IBEX to finance a portion of Debtors’ insurance premiums. On  
16 April 29, 2020, Debtors and AFS/IBEX entered into that certain Premium Finance Agreement (the  
17 “Premium Finance Agreement”) pursuant to which Debtors financed a portion of the premiums for the  
18 following Insurance Policies: property insurance, inland marine insurance, general liability insurance,  
19 automobile insurance, excess liability insurance, pollution insurance, executive risk insurance, D & O  
20 insurance, crime insurance and professional liability insurance. A true and correct copy of the Premium  
21 Finance Agreement is attached to the Motion as Exhibit B.

22 9. Pursuant to the Premium Finance Agreement, Debtors made a down payment in the  
23 amount of \$285,984.34 and AFS/IBEX, as lender, advanced \$1,122,837.35 in payment of Debtors’  
24 insurance premiums. Debtors are obligated to make nine (9) payments to AFS/IBEX on the first of each  
25 month, each in the amount of \$127,335.53 (the “Monthly Payments”), with Debtors’ first payment  
26 being due on June 1, 2020. As of the date of this Motion, seven (7) installments under the agreement  
27 remain unpaid. Debtors made two payments to AFS/IBEX, one payment on June 18, 2020 and a second  
28 payment on July 10, 2020, in accordance with Debtors’ authority to use cash collateral and the approved

1 budget.

2 10. As security for the obligations under the Premium Finance Agreement, Debtors granted  
3 AFS/IBEX a security interest in and provided an assignment of (i) all of the insurance policies  
4 identified in the agreement, as well as all unearned premium, returned premium, dividend payments and  
5 loss payments which reduce the unearned premiums thereof; and (ii) all money that may become  
6 payable under the insurance policies (subject to the interest of any applicable mortgagee or loss payee).  
7 The security given to AFS/IBEX under the Premium Finance Agreement is collectively referred to  
8 herein as the “Collateral.” Debtors further granted AFS/IBEX a power of attorney to cancel the  
9 Insurance Policies upon a default and collect the Collateral (the unearned premiums) and apply the  
10 proceeds to the indebtedness owed to AFS/IBEX.

11 11. Maintenance of Debtors’ insurance coverage under the Insurance Policies is crucial.  
12 Many of the Insurance Policies are required by the parties with which Debtors conduct business. The  
13 nonpayment of the Monthly Payments under the Premium Finance Agreement could result in the  
14 termination of one or more of the Insurance Policies. If any of the Insurance Policies are terminated,  
15 Debtors may be exposed to substantial liability for personal and/or property damages to the detriment of  
16 all parties in interest.

17 I declare, under penalty of perjury of the laws of the United States of America, that the  
18 foregoing statements are true and correct to the best of my knowledge, information, and belief.

19 Executed this 17th day of July 2020.

20 \_\_\_\_\_  
21 /s/Stephen Nerheim  
22 Stephen Nerheim  
23  
24  
25  
26  
27  
28